GOVERNMENT OF INDIA
FINANCE
LOK SABHA

UNSTARRED QUESTION NO:1641
ANSWERED ON:25.11.2016
Investment Rules
Vichare Shri Rajan Baburao

Will the Minister of FINANCE be pleased to state:

(a) whether the Government has simplified the investment rules to attract more domestic and foreign investment;

(b) if so, the details thereof;

(c) whether the Foreign Investment Promotion Board (FIPB) has allowed 100% foreign investment in various sectors and increased the percentage of foreign investment made through the automatic route; and

(d) if so, the details thereof and the extent to which it is likely to give an impetus to the investment in the country?

Answer

Minister of State (Finance) (Shri Arjun Ram Meghwal)

(a) to (d) Government has put in place a liberal, transparent and investor-friendly policy on Foreign Direct Investment (FDI) wherein most of the sectors are open to FDI under the automatic route. The Government reviews FDI policy on an ongoing basis and significant changes are made in the FDI policy regime, from time to time, to ensure that India remains increasingly attractive and investor-friendly investment destination. All such policy decisions are available on the website of the Foreign Investment Promotion Board (www.fipb.gov.in) The Finance Minister has further announced a number of measures to encourage FDI in India in the Budget Speech 2016-17. Recent steps taken by the Government to boost foreign investments in India are given below:

â€¢ 100% FDI permitted under government approval route for trading, including through ecommerce, in respect of food products manufactured and/or produced in India

â€¢ In Defence, FDI beyond 49% permitted through government approval route, in cases resulting in access to modern technology in the country or for other reasons to be recorded

â€¢ FDI limit for defence made applicable to Manufacturing of Small Arms and Ammunitions covered under Arms Act 1959
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â€¢ 100% FDI under automatic route allowed in Broadcasting Carriage Services

â€¢ 74% FDI under automatic route permitted in brownfield pharmaceuticals

â€¢ FDI beyond 74% under government approval in brownfield pharmaceuticals

â€¢ 100% FDI under automatic route permitted in Brownfield Airport projects

â€¢ FDI limit for Scheduled Air Transport Service/ Domestic Scheduled Passenger Airline and Regional Air Transport Service raised to 100%

â€¢ FDI up to 49% under automatic route and FDI beyond 49% through Government approval in Air Transport Service/ Domestic Scheduled Passenger Airline and Regional Air Transport Service

â€¢ Foreign airlines would continue to be allowed to invest in capital of Indian companies operating scheduled and non-scheduled air-transport services up to the limit of 49% of their paid up capital

â€¢ FDI limit for Private Security Agencies raised to 74%

â€¢ FDI up to 49% allowed under automatic route and, beyond 49% and up to 74% with government approval in Private Security Agencies

â€¢ RBI permission not required for establishment of branch office, liaison office or project office or any other place of business in India if the principal business of the applicant is Defence, Telecom, Private Security or Information and Broadcasting, in cases where FIPB approval or license / permission by the concerned Ministry / Regulator obtained.

â€¢ Local sourcing norms relaxed up to three years for entities undertaking Single Brand Retail Trading of products having "state-of-art? and "cutting edge? technology